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# Health & Fitness

## Giving Goodies to the Good

*Companies are pushing, and paying, workers to shape up*

**W**hen John Benda joined Johnson & Johnson 3½ years ago, he was puffing two packs of cigarettes a day and packed 210 puffy pounds on a 6-ft. 1-in. frame. Now the 29-year-old systems analyst no longer smokes, and his scale registers 170 lbs. Though he had intended to stop smoking and lose weight, Benda got started with the help of an extra incentive: a company-sponsored program that rewards employees for taking steps to safeguard health. By attending smoking or stress workshops, exercising for at least 20 minutes, keeping their weight down, wearing seat belts while driving, or installing smoke detectors at home, employees of the New Jersey consumer health-care giant can earn "Live-for-Life dollars," good for such items as clocks, fire extinguishers, Frisbees and sweat suits. Says Benda, who chalks up about 15 "dollars" a week for running and weight lifting: "The goodies are psychological incentives that can sometimes motivate me to work out when I might not feel up to it."

Being good brings goodies at a growing number of companies that push and even pay employees to get healthier. At Intermatic Inc., a manufacturing company in Spring Grove, Ill., employees who have stayed off cigarettes a year win a trip for two to Las Vegas. The Hospital Corp. of America in Nashville pays participating staff members 24¢ for each mile run or walked, each quarter-mile swum or four miles bicycled. At Scherer Brothers Lumber Co., boasts Vice President Gregory Scherer. "We have no sick pay, we have well pay." For each month that a worker is neither late nor out ill, the Minneapolis firm awards an extra two hours of salary. And employees who lose no more than three days a year to on-the-job injuries can collect a bonus of up to \$300.

Elsewhere, the rewards can involve intricate calculations. The Colorado-based Adolph Coors Co. will pay 90% rather than 85% of the medical bills of employees who fill out a 105-item questionnaire. Along with the standard medical inquiries, the form asks about such stressful experiences as divorce and job changes, even whether the employee carries a gun. Based on the responses, workers are assigned a "health age." If it is more than two years above their actual age, they have three years to shape up or lose the extra 5% reimbursement. In Bellevue, Wash., city workers gain "points" according to the cost of their health insurance. They lose a point for each dollar received in medical claims, and the value of the points (currently 9¢) goes up as the number of claims

filed by all covered workers goes down, and vice versa.

"The workplace," declares Dr. James Fries, an immunologist at Stanford University, "is the prime location from which to operate the lever of health promotion and disease prevention." Most of the nation's \$400 billion health-care bill goes to treat ailments resulting from such potentially controllable problems as alcoholism, smoking, high cholesterol, hypertension and obesity. "Avoiding at least three of them would improve things dramatically," contends Regina Herzlinger, a

of the night afraid he has missed his alarm clock."

Most American corporations do not yet go much beyond providing health facilities. But many may be tempted to add incentives because there can be bottom-line benefits to health high-mindedness. FORTUNE 500 companies each lose an average of \$88 million a year to employee illness and shell out \$100 million a year for employee medical coverage. Because health promotion efforts can lower both costs, says Harvard's Herzlinger, "it's a terrific investment."

The most direct route to savings is encouraging workers to buy health services more wisely. "People don't need half or more of all care," claims California Blue Shield Senior Vice President Larry Parcell. "Doctors still see people for head



**At Johnson & Johnson, Employee Benda pushes on in his quest for "dollars"**

*The incentives "motivate me to work out when I might not feel up to it."*

professor at Harvard Business School and an expert in corporate health-care policy.

Setting such goals with inducements has clear advantages, though it also raises some concerns. Dr. John Farquhar, director of Stanford Medical Center's research in disease prevention program, notes that "one of the pitfalls is people not seeking medical attention when they should." Acknowledges Frank Morgan, vice president for a pioneering health promotion plan at Berol Corp. in Danbury, Conn.: "We certainly don't want employees doing stupid things like not seeing a doctor just to get a TV or microwave oven." But, he adds, there is no evidence that this has happened. The incentive chase may also induce some stress of its own. At Scherer, a worker who has not been late or absent for ten years wins a fortnight for two in Florida. One employee now in his sixth year of perfect service, says Scherer, "tells me that about twice a year he jumps out of bed in a panic in the middle

colds." Under the Berol Corp. plan, a worker is credited with an extra \$500 a year, which is then reduced by the amount paid out by the insurance company for each claim; the employee gets to keep whatever is left. The company is saving \$125,000 a year in reduced medical-coverage premiums. At King Broadcasting in Seattle, where workers get 50% of the money saved on medical-insurance costs, the employees and the company divided \$284,000 in the first year of the program. But even programs aimed merely at improving employees' health can reap quick financial benefits. The Speedcall Corp. in Hayward, Calif., gives workers a weekly bonus of \$7 for not smoking on the job. A study of the program in its first four years found that the number of smokers fell by 65%, and the number of health-insurance claims filed by those who quit went down by 50%. —By Anastasia Toufexis. Reported by Thomas McCarroll/New York and Charles Pelton/San Francisco

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